USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information

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Argentina

Livestock and Products Semi-annual

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Report Highlights:
Post is maintaining current USDA estimate for beef production in 2010 at 2.8 million tons, while increasing estimated production for 2009 by 200,000 tons to 3.4 million tons. Post is making no significant changes in current export estimates and continues to expect a drop in 2010 beef exports due to reduced beef supplies.

Commodities:
Beef and Cattle

Production:
Post is maintaining current USDA estimate for beef production in 2010 at 2.8 million tons, while increasing estimated production for 2009 by 200,000 tons to 3.4 million tons. After several years of high supplies, Argentina's cattle/beef market is now experiencing the results of a herd and production reduction caused by a severe drought suffered in 2008-2009 combined with low livestock returns. Cattle slaughter, beef output, domestic consumption and exports are all expected to decline substantially in 2010.

The two-year long drought forced producers to market in 2009 more cattle than planned, and at the same time, it reduced significantly the calf crop. The combination of these two events resulted in a strong herd reduction, which is expected to negatively impact on cattle available for slaughter in 2010-2011. Cattle prices have increased 70-80 percent compared to a year ago. Sudden smaller cattle supplies, fewer government controls on the local beef market, abundant pasture production (rains have been plentiful since November 2009), firm domestic beef demand, and strong expectations of price improvements made cattle and beef prices increase considerably in the past few months. Most local analysts are, however, expecting some downward adjustment in the next few weeks as consumers adjust to the higher prices.

Contacts indicate that the government has been taking steps to moderate the recent beef price increase. It has reportedly slowed down beef export authorizations, and continues to request export meat packers to send inexpensive beef to supermarkets on the weekends. The government has stated its expectation that in March cattle supplies will start to increase and thus prices will tend to go down.

Government officials indicate that it will continue to support production in feedlots in order to encourage beef production in the short term. Private sources estimate that the government spends over $250 million a year to support feedlots. About 6 million head of cattle came out of feedlots in 2009. Feedlots in the current year will operate under an environment where the relation corn/beef price is excellent, but feeder cattle prices have doubled in the past few months and the number of calves will be limited because of a reduced calf crop and abundant pastures available. Many cattle producers will likely take advantage of the favorable price relation and feed their own cattle.

Consumption:
Domestic beef consumption is expected to drop significantly in 2010 because of reduced beef supplies. While in 2009, due to the drought and cattle liquidation, per capita consumption reached almost 69 kilos; in 2010, it is expected to be closer to 60 kilos. Some consultants estimate that consumption could be even lower. Poultry and pork are expected to gain an additional portion of the meat market demand.

Trade:

Post's export projection for 2010 remains unchanged at 380,000 tons, slightly below the current USDA estimate of 390,000 tons. The final volume will depend largely on export authorizations approved by the government and the relation between domestic and international prices. Most contacts speculate that the government will continue to limit exports, while allowing exports of the Hilton Quota (high value cuts), thermoprocessed beef from old cows, some bilateral agreements (most likely Venezuela), and a few other markets. Utilization of the Hilton Quota for 2009/2010 is slower than normal because of delays by the government in announcing its distribution. Some exporters have expressed doubt that it will be fulfilled this year. Some large export plants have shut down temporarily, as they are unable to source the number of cattle they need at prices that they can pay. Large export companies are increasingly interested in buying cattle and sending it to feedlots, to reduce the dependence of an erratic local market.

Production, Supply and Demand Data Statistic:

Animal Numbers, Cattle , Argentina (1,000 head)	2008			2009			2010		
	2008			2009			2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan
	USDA	Old Post	Data	USDA	Old Post	Data			Data
Total Cattle Beg. Stks	55,662	55,662	55,662	54,260	54,760	54,260	50,158		49,858
Dairy Cows Beg. Stocks	2,150	2,150	2,150	2,000	2,150	2,000	2,000		2,000
Beef Cows Beg. Stocks	20,800	20,800	20,800	19,000	20,400	19,000	18,000		18,000
Production (Calf Crop)	14,900	15,200	14,900	12,000	14,200	12,300	13,000		13,200
Intra-EU Imports	0	0	0	0	0	0	0		0
Other Imports	0	0	0	0	0	0	0		0
Total Imports	0	0	0	0	0	0	0		0
Total Supply	70,562	70,862	70,562	66,260	68,960	66,560	63,158		63,058
Intra EU Exports	0	0	0	0	0	0	0		0
Other Exports	2	2	2	2	0	2	2		2
Total Exports	2	2	2	2	0	2	2		2
Cow Slaughter	5,500	5,500	5,500	5,500	5,500	5,800	4,400		4,400
Calf Slaughter	2,500	2,700	2,500	2,800	2,700	3,000	2,250		2,250
Other Slaughter	6,800	6,600	6,800	6,700	6,000	6,900	6,150		6,150
Total Slaughter	14,800	14,800	14,800	15,000	14,200	15,700	12,800		12,800
Loss	1,500	1,300	1,500	1,100	900	1,000	700		600
Ending Inventories	54,260	54,760	54,260	50,158	53,860	49,858	49,656		49,656
Total Distribution	70,562	70,862	70,562	66,260	68,960	66,560	63,158		63,058

Meat, Beef and Veal Argentina (1,000 tons)	2008			2009			2010		
	2008			2009			2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan
	USDA	Old Post	Data			Data			Data
Slaughter (Reference)	14,800	14,800	14,800	15,000	14,200	15,700	12,800		12,800
Beginning Stocks	0	0	0	0	0	0	0		0
Production	3,150	3,150	3,150	3,200	3,000	3,400	2,800		2,800
Intra-EU Imports	0	0	0	0	0	0	0		0
Other Imports	4	3	4	2	4	2	10		10
Total Imports	4	3	4	2	4	2	10		10
Total Supply	3,154	3,153	3,154	3,202	3,004	3,402	2,810		2,810
Intra EU Exports	0	0	0	0	0	0	0		0
Other Exports	422	421	421	560	420	652	390		380
Total Exports	422	421	421	560	420	652	390		380
Human Dom. Consumption	2,732	2,732	2,733	2,642	2,584	2,750	2,420		2,430
Other Use, Losses	0	0	0	0	0	0	0		0
Total Dom. Consumption	2,732	2,732	2,733	2,642	2,584	2,750	2,420		2,430
Ending Stocks	0	0	0	0	0	0	0		0
Total Distribution	3,154	3,153	3,154	3,202	3,004	3,402	2,810		2,810